

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GTE SOUTH INCORPORATED FOR AUTHORITY TO)	
BECOME A CATEGORY A TOLL PROVIDER IN THE)	CASE NO. 93-194
STATE OF KENTUCKY)	

O R D E R

On April 30, 1993, GTE South Incorporated ("GTE") filed with the Commission a tariff which would allow it to become a Category A toll provider in the state of Kentucky. After reviewing the proposed tariff, the Commission finds that the revenues of South Central Bell Telephone Company ("South Central Bell") may be adversely impacted by this application due to the new settlement arrangement between it and GTE.

IT IS THEREFORE ORDERED that South Central Bell be joined as a party in this case and that GTE and South Central Bell shall file the original and 12 copies of the following information with the Commission no later than August 23, 1993, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been

provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If either South Central Bell or GTE cannot provide the information by the stated date, it should submit a motion for an extension of time setting the reason a delay is necessary and a date by which the information will be furnished. Such a motion will be considered by the Commission.

QUESTIONS FOR SOUTH CENTRAL BELL

1. GTE states in its application that it will receive 100 percent "make whole" transition payments from South Central Bell at an annualized level of \$7,469,352. Does this mean South Central Bell is subsidizing GTE's plan to be a Category A toll provider? Explain. If so, detail South Central Bell's rationale for agreeing to subsidize this plan.

2. GTE states in its application that South Central Bell will provide the "make whole" payments to GTE between the time that GTE becomes a Category A toll provider and the date that the first central office converts to intraLATA equal access in Kentucky. At that time, the transition dollar amount will decrease to 75 percent "make whole" payments and will continue to decrease in increments of 25 percent every 6 months thereafter, never going below 25 percent "make whole" payments for a total of 24 months. Explain in detail how this plan will be impacted if the Commission does not

approve 1+ presubscription or if the Commission does not approve 1+ presubscription for an extended time period, specifically stating whether South Central Bell would agree to the proposed plan if either event were to occur.

QUESTIONS FOR GTE

1. Describe any expected or possible change in market relationships between GTE and other telecommunications providers if GTE becomes a Category A toll provider and specify how the end-user will be affected.

2. Will GTE's revenue requirement be impacted in any way under this plan? Explain.

3. Will GTE's operating expenses increase or be impacted in any way under this plan? Explain.

4. Will GTE, as a Category A provider, be able to carry all its own toll traffic? If not, will any new construction be required? Explain.

5. The annual payments of \$7,469,352 from South Central Bell are intended to make GTE "whole" and will cease 24 months after 1+ presubscription is implemented. If GTE is experiencing a net loss in revenues at that time, how does it intend to recoup that loss?

6. Would GTE still become a Category A toll provider if the Commission does not approve 1+ presubscription? Explain.

Done at Frankfort, Kentucky, this 9th day of August, 1993.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


For the Commission